

FUNDING AND EXPENDITURE TRANSFERS BETWEEN VHA FACILITIES FOR PATIENT CARE ACTIVITIES

1. PURPOSE: This Veterans Health Administration (VHA) Directive revises the accounting and budget procedures for funding and expenditure transfers.

***NOTE:** In order to enhance financial reporting and accounting for expenditure transfers between VHA facilities, the Financial Management System (FMS) established two new transaction codes, SE and EB, that are covered in this Directive. The SE transaction code was cloned from the Standard Voucher (SV) transaction in FMS. The SE transaction was created for use mainly by Consolidated Mail-out Pharmacies (CMOP) to transfer expenses to their VHA customers. So the SE transaction represents a standard voucher that transfers expenses, hence SE. The EB transaction was created from the Expenditure Transfer (ET) transaction in FMS. The EB transaction is used to transfer expenditures to and recover budgetary authority from facilities that have received either goods or services from a servicing facility. So the EB transaction represents an expenditure transfer that also transfers budget authority, hence EB.*

2. BACKGROUND

a. In recent years VHA facilities, due to accommodating Consolidated Distribution Report (CDR) and Decision Support System (DSS), changed the way expenditure transfers for CMOP, reference laboratories, shared laundry, etc., were accomplished. The FMS allowed each Department of Veterans Affairs (VA) medical center to generate its respective increases or decreases to cost. However, since many of the offsetting transactions were not accomplished in the same accounting month, numerous out of balances were created. To correct this problem, a new transaction (SE) was created in FMS that allowed one VA medical center to process a document that would credit one facility's records and provide an offsetting entry in another facility's records. Funding for these activities between facilities was provided on Transfer Disbursing Authorities (TDAs). This process created considerable accounting entries for both facilities and Veterans Integrated Services Networks (VISNs). The SE transaction will continue to be used for CMOP transfers and for centralized purchases transferred for non-capitalized items where no funds are transferred. Fund transfers of CMOP activities have been modified as provided in Attachment A.

b. To reduce the accounting entries for activities other than CMOP covered under this directive, FMS has created a new transaction, i.e., Expenditure Transfer – Between Stations (EB). The EB allows for the transfer of expenditures on one transaction. Specific instructions for the new transaction are provided in Attachment B.

3. POLICY: It is VHA policy that beginning October 1, 1999, with Fiscal Year (FY) 2000 business, funding and costs transfers will be accomplished for CMOPs as established in Attachment A and expenditure transfers for other activities as established in Attachment B.

THIS VHA DIRECTIVE EXPIRES DECEMBER 31, 2004

4. ACTION: Servicing facilities are to remind all serviced facilities of the procedural changes contained in this directive. Each servicing facility is to provide specific guidance to their

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customers on how they will implement the changes. VISNs will resolve any issues that arise within or between facilities in their respective Networks.

5. FOLLOW-UP RESPONSIBILITY: The VHA Chief Financial Officer (173) is responsible for the content of this Directive.

6. RESCISSION: VHA Directive 10-96-059, and Change 1 and 2 are rescinded. This Directive will expire on December 31, 2004.

S/ Melinda Murphy for
Thomas L. Garthwaite, M.D.
Acting Under Secretary for Health

Attachments

Distribution: CO: E-mailed 1/3/99
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ATTACHMENT A

FINANCIAL PROCEDURES

1. Cost Transfers and Funding for Consolidated Mail Out Pharmacy (CMOPs) and Cost Transfers for Centralized Purchases of Non-Capitalized Items. *NOTE: In order to enhance financial reporting and accounting for expenditure transfers between Veterans Health Administration (VHA) facilities, the Financial Management System (FMS) established two new transaction codes, SE and EB, that are covered in this Directive. The SE transaction code was cloned from the Standard Voucher (SV) transaction in FMS. The SE transaction was created for use mainly by CMOP to transfer expenses to their VHA customers. So the SE transaction represents a standard voucher that transfers expenses, hence SE. The EB transaction was created from the Expenditure Transfer (ET) transaction in FMS. The EB transaction is used to transfer expenditures to and recover budgetary authority from facilities that have received either goods or services from a servicing facility. So the EB transaction represents an expenditure transfer that also transfers budget authority, hence EB.*

a. SV. The SE transaction allows one station to transfer cost to another station. The SE transaction can be used for the transfer of operating expense or salary expense. The transactions generate the following general ledger entries: *NOTE: CM is the FMS transaction type code for CMOP operating expense transfers, i.e. SE CM; CP is the FMS transaction type code for CMOP payroll expense transfers, i.e. SE CP; DR is a debit entry to the general ledger; CR is a credit entry to the general ledger; and SASP is the acronym for the FMS table for the Suballowance Spending Control Inquiry Screen.*

<u>Tcode</u>	<u>TType</u>	<u>Description</u>				
SE	CM	Operating Cost	DR	6100	CR	5700
		Transfer		9938		9937
SE	CP	Payroll Cost	DR	6122	CR	5700
		Transfer		9938		9937

NOTE: *The entries are for the serviced facility; servicing facility's entries are reversed.*

b. The CMOP, or centralized purchasing station, will be the station entering the SE transaction to transfer the cost to the other station(s). FMS security tables have been modified allowing those individuals with 'PAYMENTS' data entry authority to enter the SE transaction.

c. In order to perform this transfer, the station entering the transaction must know the Accounting Classification Code (ACC), Cost Center, Budget Object Code (BOC) and SubBOC if a payroll cost transfer of the station receiving the cost transfer. To make coding of the CMOP cost transfer document easier, a standardized ACC for CMOP, 0100999CM, has been established and **must** be used with this transaction. Stations should input an (SA) add transaction to establish this new standardized ACC on their FMS SASP table.

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d. Coding the SE follows the same instructions as the SV transaction, from which it was cloned.

(1) The 'Doc Total' amount on the initial input screen **must** be 0.00.

(2) The type of transfer is an Expense (E).

(3) The 'I/D' field for the station transferring cost will be coded with the indicator 'D.' The 'I/D' field for the station receiving the cost will be coded with the indicator 'I.'

2. CMOP Responsibilities

a. Each CMOP facility will prepare and distribute to their customers (served Department of Veterans Affairs (VA) medical centers) a price list for services to be furnished. The CMOP must ensure that personal services and operating costs are included in the price. The price list should be published in time for customers to estimate the amount of funds to be transferred to the CMOP. If equipment or Non-recurring Maintenance (NRM) funds are required, each serviced facility should be notified of their pro-rated share.

b. Employee travel for employees associated with the CMOP will be provided by serviced facilities or specific purpose funding and approved by the CMOP Board of Directors.

c. CMOPs are responsible for returning excess funding to customers. CMOPs should notify the Allocation and Control Section (172B1) via FORUM e-mail, of the funding amounts to be returned to their respective customers.

d. CMOPs and centralized purchasing stations are responsible for monthly processing of SE transactions as specified in paragraph 1.

3. Serviced Facility Responsibilities

a. Serviced facilities will reflect CMOP transfers as a part of their initial quarterly distribution. If CMOPs have not published price lists, customers should make a best estimate based on most recent purchases.

b. The customer is also responsible for initiating subsequent Transfer Disbursing Authority (TDA) documents that will increase initial funding action. Since CMOPs must have funds to process orders, it is essential that additional funds are provided on a timely basis so that CMOP operations will not be interrupted.

c. If there is disagreement with the amount of services rendered and/or amount of the bill, resolution must be accomplished in time for the entries to be recorded in the appropriate accounting period.

ATTACHMENT B

FINANCIAL PROCEDURES

1. Expenditure Transfers Except Consolidated Mail-out Pharmacy (CMOP) and Centrally Purchased Non-Capitalized Items.

NOTE: In order to enhance financial reporting and accounting for expenditure transfers between VHA facilities, the Financial Management System (FMS) established two new transaction codes, SE and EB, that are covered in this Directive. The SE transaction code was cloned from the Standard Voucher (SV) transaction in FMS. The SE transaction was created for use mainly by CMOP to transfer expenses to their VHA customers. So the SE transaction represents a standard voucher that transfers expenses, hence SE. The EB transaction was created from the Expenditure Transfer (ET) transaction in FMS. The EB transaction is used to transfer expenditures to and recover budgetary authority from facilities that have received either goods or services from a servicing facility. So the EB transaction represents an expenditure transfer that also transfers budget authority, hence EB.

a. A new expenditure transfer transaction, i.e., ET – Between Stations (EB), has been added to the FMS. The EB transaction allows one station to transfer expenditures to other stations. The EB transactions will be used for all inter-station transfers except for CMOP and centrally purchased non-capitalized item transactions. CMOP and centrally purchased non-capitalized item transfers will continue to be processed using SE transactions (see Att. A).

b. The EB transaction allows a servicing station to transfer expenditures and simultaneously recover cash and budgetary authority from a serviced station when entering the document in FMS. The EB transaction can be used for both operating and salary expenses. **NOTE:** *DR is a debit entry to the general ledger; and CR is a credit entry to the general.* The new transactions generate the following general ledger entries:

<u>TCode</u>	<u>TType</u>	<u>Description</u>	<u>Servicing Facility</u>		<u>Serviced Facility</u>	
				<u>Entries</u>		<u>Entries</u>
EB	01	Operating Cost Transfer	DR	1021	DR	6100
				490G/P		4610
				5700		3100*
			CR	6100	CR	1021
				4610		490G/P
				3100		5700*
			Decrease Indicator		Increase Indicator	

NOTE: (*) The 3100/5700 entries processed for FMS, as applicable, are based on Fund Category.

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<u>TCode</u>	<u>TType</u>	<u>Description</u>	<u>Servicing Facility</u>		<u>Serviced Facility</u>	
				<u>Entries</u>		<u>Entries</u>
EB	56	Payroll Cost Transfer	DR	1021	DR	6122
				490G/P		4610
				5700		3100*
			CR	6122	CR	1021
				4610		490G/P
				3100		5700*
			Decrease Indicator		Increase Indicator	

NOTE: (*) The 3100/5700 entries processed for FMS, as applicable, are based on Fund Category.

<u>TCode</u>	<u>TType</u>	<u>Description</u>	<u>Servicing Facility</u>		<u>Serviced Facility</u>	
				<u>Entries</u>		<u>Entries</u>
EB	03	Suspense Transfer	DR	1021	DR	2400/3
			CR	2400/3	CR	1021
			Decrease Indicator		Increase Indicator	

c. The station initially costed, i.e., the Reference Laboratory station, will be the station entering the EB transactions to transfer the expenditures to the serviced stations. FMS security tables have been modified allowing those individuals with 'PAYMENTS' data entry authority to enter the EB transaction.

d. In order to process these transactions, the servicing station must know the Accounting Classification Code (ACC), Cost Center, Budget Object Code (BOC) and if using an EB 56, payroll cost transfer, the subBOC of the serviced station. To make the coding of the documents easier, the following standardized ACCs have been established and must be used when processing documents for the respective activity: reference labs transfers - 0100999LB; laundry transfers - 0100999LA; and transfers for all other activities - 0100999AO.

e. Coding the EB transaction follows the same instructions as the SV Transaction, from which it was cloned.

(1) The 'Doc Total' amount on the initial input screen must be 0.00.

(2) The type of transfer is an Expense (E).

(3) The 'I/D' field for the servicing station will be coded with the indicator 'D.' The 'I/D' field for the serviced station will be coded with the indicator 'I.'

2. Servicing Facility Responsibilities

- a. Servicing facilities are responsible for the monthly processing of the EB transactions. If the balance due from a serviced facility is not material the monthly processing may be delayed until the balance reaches a material amount or until the end of the quarter which ever occurs first.
- b. Servicing facilities will notify all serviced facilities, in advance, of the amount and date that the EB will be processed.

3. Serviced Facility Responsibilities. Facilities are responsible for:

- a. Ensuring that unobligated balances exist to cover the transfer that will occur for services rendered.
- b. If there is disagreement with the amount of services rendered and/or amount of the bill, accomplishing resolution in time for the entries to be recorded in the appropriate accounting period.